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SUMMARY RECORD OF THE 25th MEETING

Chairman: Mr. DINU (Romania)

later: Mr. ROTHEISER (Vice-Chairman) (Austria)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 10.20 a.m.

AGENDA ITEM 112: PERSONNEL QUESTIONS (continued) (A/46/326 and Add.1; A/47/140 and Add.1, A/47/168 and Add.1 and A/47/416; A/C.5/46/2, A/C.5/46/7, A/C.5/46/9, A/C.5/46/13 and A/C.5/46/16; A/C.5/47/5, A/C.5/47/6, A/C.5/47/9, A/C.5/47/14 and A/C.5/47/20)

1. Mr. DUQUE (Director of Personnel), replying to the debate on the item, said that all the comments made by members of the Committee would be taken into account by the Office of Human Resources Management (OHRM) as it pursued the difficult task of restructuring the Secretariat. The goals had been clearly stated by the Secretary-General, who had also emphasized that the Organization's most precious asset was its staff.

2. On the question of the security of staff, the represe tative of Sierra Leone had supported the recommendation that area coordinators should be appointed in certain countries. The recommendation was in fact being implemented, and it was also expected that staff members would be issued with uniform identification cards within a year.

3. The representative of Israel had referred to the cases of staff members of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) under arrest or detention. Without information as to why staff members had been detained, UNRWA could not determine whether the accusations made against them were justified. General assertions that staff members would not have been arrested if they had not done something wrong were not sufficient. The mere fact of being a staff member did not provide immunity from the law, but UNRWA had repeatedly and without success requested information from the Israeli authorities about the reasons for detention of staff members. The most it received was a statement that a staff member was under detention for "security reasons". Contrary to the assertion by the representative of Israel, UNRWA did not employ staff who had been involved in acts of violence or incitement to violence. It was ready to look at any information provided by the Israeli authorities, but unproven assertions did not help to solve the problem.

4. The representative of Ethiopia had said that the report on the death of a staff member of the Office of the United Nations High Commissioner for Refugees (UNHCR) transmitted by his Ministry of the Interior pointed to the fact that the death was connected with the sale of a UNHCR vehicle. Actually, the alleged motive for the crime was not a "fact" but a statement attributed to the confessed murderer. The United Nations still awaited a formal conclusion from the Ethiopian authorities as to the veracity of the statement.

5. OHRM shared the concern expressed by several delegations about the number of unrepresented and underrepresented States. While there were good reasons why the number of staff members of a given nationality fluctuated, the Office recognized the need to intensify its efforts to resolve chronic cases.

(Mr. Duque)

National competitive examinations had proved effective in that respect and would be continued. As to the point raised by the representative of Poland, posts in peace-keeping and peacemaking missions were excluded from the formal scheme of geographical distribution. Nevertheless, the Office agreed that every effort should be made to have as wide a variety of nationalities as possible represented in such missions; the current figure was more than 100 nationalities. The main sources of recruitment for the missions were Secretariat departments in New York and Geneva, but staff were seconded from all offices.

6. Since the expanding demand for staff for special missions could not be fully met by redeployment, it was increasingly necessary to recruit from outside the Organization. However, the 100-series of staff rules carried entitlements designed for career service. The Office was therefore considering amendments to the 300-series so that it could recruit personnel for limited periods on more suitable conditions of service. The Office would continue to try, as the representative of India had suggested, to diversify the geographical composition of staff even for posts not subject to geographical distribution, provided that the relevant regulations so allowed.

7. Turning to the question of competitive examinations at the P-2 and P-3 levels, he confirmed to the representatives of the Libyan Arab Jamahiriya and Yemen that such examinations would take place in developing countries in 1993. National competitive examinations were held on a rotation basis, with priority given to unrepresented and underrepresented States. The representative of Indonesia had pointed out that two of the successful candidates in the examination held in his country in 1989 had not yet been recruited. The Secretariat had in fact committed itself to recruit three candidates; it had already recruited two and was now placing the third; the fourth candidate was on a reserve list. In reply to the representative of the United States he could say that the introduction of P-3 examinations had not affected the promotion of staff from the P-2 to P-3 level; the posts to be filled through the examinations were those available after the promotion exercise.

8. The cost of the P-3 examinations was minimal and was covered from within existing resources. The competitive examinations had replaced the practice of recruitment missions, and the large number of candidates tested guaranteed the quality of the few selected. The representative of Japan had expressed the wish that almost 100 per cent of recruitment to posts subject to geographical distribution should take place at the P-2 and P-3 levels through competitive examinations. It was in fact suggested in paragraph 19 of the Secretary-General's report on career development at the United Nations (A/C.5/47/6) that emphasis should be placed on such recruitment, with recruitment at the higher levels kept to a minimum. He could assure the representatives of Poland, Portugal and Zambia that national competitive examinations would be held in 1993. No examinations were held in overrepresented States. Although, as the representative of Portugal had

(Mr. Duque)

pointed out, examinations had been held in two States which were within range, that was in order to prepare for a large number of foreseen separations.

9. The representatives of Barbados and the United States had suggested that examinations for promotion from the General Service to the Professional category should be held every second year rather than every year and that a roster of successful candidates should be established. That suggestion entailed examinations every two years in 10 or 11 occupational groups instead of one examination every year in five groups. There would be no saving of resources over the biennium, and the Office was in any event mandated to hold annual examinations in six to eight groups for the national competitive recruitment examinations, a requirement which would be beyond its resources in the years of a biennial promotion examination. The notion of a roster wrongly assumed that there would be a large number of posts available so that the roster could be cleared at least every two years. In some occupational groups it could take years to clear a roster of six or seven candidates. Furthermore, departments preferred to take the best available candidates, but a roster-system would give priority to less able ones. In any event such a procedure was inconsistent with the principle of the competitive examinations: they were not qualifying examinations but a means of selecting the best candidates available each year.

10. With respect to the problems of staff retention raised by the representative of the United States, for two developed countries with wide desirable ranges the ratio of separations to appointments had varied between 50 and 90 per cent in recent years. The fact that certain Member States provided supplementary payments to their nationals, in contravention of the regulations, indicated that it was difficult to persuade them to remain in the Secretariat.

11. With regard to the comments made by the representatives of Hungary and the United States on the possibility of budgeting P-1/P-4 posts as a group, it should be stressed that such a procedure would not undermine the classification system. Posts would still be classified separately, but under certain conditions and for limited periods they could be encumbered at a higher level, with a P-4 staff member for example charged against a P-3 post. That would provide greater flexibility in lateral mobility of staff and facilitate the career development system.

12. In reply to the representative of Iran, he said that there was not a freeze on internal promotions, but only on external recruitment. Vacant posts were filled through promotion or set aside for redeployment. The Financial Rules did not permit regular posts to be filled by consultants. The reason why Iran's desirable range had not grown wider was because its increased contribution was not big enough to justify a change.

13. Several delegations had stressed the need to evaluate the effectiveness of training programmes. The Office regarded evaluation as a necessary

(Mr. Duque)

component of every training activity, and evaluation components had been included in all current programmes. The cost-effectiveness of the training programmes was certainly an area of concern, and that consideration would take on increasing importance as the Office expanded its implementation of the programmes. The Secretary-General had called for an increase in training resources in the budget for the next biennium. Increased funding brought with it increased responsibility for producing results, and the Office intended to establish performance indicators in every training programme.

14. The supportive reaction of the delegations of New Zealand, Australia and Canada to the comments made in the Committee by the Secretary-General on the need for effective training programmes and career development were most welcome. Investment in management training must also be seen as an investment for the Organization's success. In that connection he drew attention to the description of the proposed comprehensive management development plan contained in the Secretary-General's report on training programmes in the Secretariat (A/C.5/47/9). The Government of Japan had indicated its willingness to contribute to the costs of the plan, thus giving a boost to the development of management training in 1993. Efforts must also be made to ensure adequate investment in training programmes available equitably to staff throughout the Secretariat.

15. Responding to the questions raised by the European Community regarding the restructuring review of the secretarial occupation, he said that, of the 245 posts involved, 58 had been upgraded, 51 had remained at the same level, 1 had been downgraded, 16 had been classified for the first time and 119 had not met the criteria established for the review. The financial implications of the upgrading were estimated at $165,213 a year, or a $46 increase in the 1992 standard salary cost for the "other levels" General Service category at Headquarters. As for the criteria used to fill the upgraded posts, all those posts had been encumbered at the time of the review. However, post incumbents were entitled to promotion to the new level provided that they had been satisfactorily performing the functions of their post for at least one year and had at least one year's seniority at their present grade level.

16. His Office had taken note of the many excellent suggestions made in the Committee, including those for improving the geographical representation of women, and would bear them in mind in carrying out its work in the coming year. With regard to the European Community's request for information on the policy on spouse employment, the United Nations had endeavoured to strengthen inter-agency cooperation in that area, had cooperated with the International Civil Service Commission and had participated in the 1991 United Nations Development Programme study. OHRM added spouses to the roster of external candidates and accorded them priority. The representative of Australia, speaking on behalf of Canada, New Zealand and Australia, had called for the establishment of an equal employment opportunity unit that would be outside OHRM and report directly to the Secretary-General. The Secretary-General was doing all he could to bring the balance in policy-level posts to as close as

(Mr. Duque)

possible to 50-50 by the fiftieth anniversary of the United Nations and saw no need to create additional bureaucracies that would duplicate existing structures.

17. Before concluding, he wished to refer to the extremely important question of the discretionary authority of the Secretary-General in the administration of staff, which had been eroded over the years, particularly in relation to some of his advisory bodies. For a number of years, the Administrative Tribunal had had a tendency to award substantial damages for minor procedural flaws even when it found that no substantive rights had been violated. One of the results had been a flood of litigation and a proliferation of administrative review bodies. It was important to respect procedure. However, in the face of the Organization's new responsibilities, the Secretary-General needed to be able to reassert his discretionary authority to select, retain and deploy staff according to the needs of the Organization, free from political pressures from without and bureaucratic pressures from within.

18. Mr. MAYCOCK (Barbados) said that he had put his question about a roster for promotion from the General Service to the Professional category on behalf of 11 other delegations. They were not suggesting that examinations should be held in alternate years but that successful candidates should be kept on a roster so that they could compete with new candidates as posts became available. He had also asked for information about the number of short-term appointments and consultancies awarded since February 1992.

19. Mrs. EMERSON (Portugal) said that she had been astonished by the statement by the Director of Personnel that examinations had been held in two Member States which were within range in order to prepare for a large number of foreseen separations. What her delegation wanted to know was why the examinations had not been held in unrepresented or underrepresented countries and why the successful candidates could not be recruited at the P-2 level, for the two States concerned were already well represented at the P-3 level.

20. Mr. JADMANI (Pakistan) said that his delegation had earlier inquired about the staffing of peace-keeping operations, but no response had yet been forthcoming. He wished to have a breakdown, by department, of staff seconded to peace-keeping operations since 1990, and details of any posts created since that time in connection with peace-keeping operations. He also wished to know whether there was a possibility of increasing the number of posts subject to geographical distribution, which had remained more or less static, at around 2,600 posts.

21. Mr. BARIMANI (Islamic Republic of Iran) said that his delegation had requested a complete list of consultants with full details of their contracts, as well as additional information on any programmes that had been discontinued owing to a lack of resources. The provision of that information as soon as possible would be welcome.

22. Mr. STÖCKL (Germany) asked what was meant by a temporary suspension of recruitment, and how long the Office of Human Resources Management expected the suspension to last. He noted that between February and August 1992 more than 100 exceptions to the recruitment freeze had been made at the Professional level, even though few vacancy announcements had been issued. He would welcome a breakdown of those posts.

23. Mrs. GOICOCHEA (Cuba) asked what impact the recruitment freeze was having on programme implementation. She agreed that the authority of the Secretary-General in personnel questions must be maintained.

24. Mr. DUQUE (Director of Personnel) said that he would provide a detailed response to the points raised by various delegations in informal consultations. Regarding the hiring of consultants, Headquarters did not maintain a central file covering every duty station, but he would endeavour to secure the information requested. On the question of the temporary recruitment freeze, the aim had been to assist the Secretary-General in his restructuring initiatives by obliging departments to consider whether a post that fell vacant needed to be filled or whether the function could be discharged in some other manner. It was not possible at the moment to say how long it would last. He would provide details of the exceptions to the recruitment freeze in informal consultations.

25. Mrs. EMERSON (Portugal) asked whether there was any system of evaluation of staff and observers engaged in peace-keeping operations. Given the extremely sensitive nature of such missions it was essential that only individuals with the required abilities and language skills should be selected and that their performance in the field should be subject to careful evaluation.

26. Mr. FRANCIS (Australia) asked for the report on career development prepared by French and Australian experts to be made available.

AGENDA ITEM 111: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS (continued) (A/47/11)

27. Ms. ERIKSSON FOGH (Sweden), speaking on behalf of Denmark, Finland, Iceland, Norway and Sweden, said that discussions on the scale of assessments should be guided by a spirit of generosity and a sense of proportion. The amounts involved were limited, and should be seen from the perspective of the benefits Member States received from the Organization. The United Nations could operate in the long run only if it had a sound financial basis and if the method of financing was strictly respected by all Member States. That meant payment of assessed contributions in full and on time, in accordance with the absolute and unconditional obligation set forth in Article 17 of the Charter.

28. By General Assembly resolution 46/221, the Committee on Contributions had been mandated to prepare illustrative machine scales and to continue its work

(Ms. Eriksson Fogh, Sweden)

on improving the methodology for the preparation of future scales. Yet it was, in practice, difficult to find technical solutions that did not have a further distorting effect.

29. The Nordic delegations thought that the scheme of limits should be abolished, and welcomed the finding by the Committee on Contributions that such a transition could largely take place over two three-year scale periods. Regarding the preparation of a model scale by distributing average national income weighted by per capita national income, such a twofold use of national income did not capture the principle of capacity to pay. Use of such a method would be a serious deviation from internationally accepted national accounting standards.

30. The Nordic delegations shared the concerns expressed by the States of the former Soviet Union, which felt that they had not received fair treatment owing to the use of inappropriate exchange rates and a failure to consider the problems of transition countries. She regretted the limitations imposed by the current methodology in such unprecedented circumstances. Nevertheless, she noted the indication by the Committee on Contributions that such insufficiencies would be addressed in the context of the next scale.

31. It was important to respect the expert status of the Committee on Contributions in order to preserve the delicate consensus on the scale. However, the Nordic delegations would support any pragmatic solution that might better reflect the capacity to pay of the former Soviet States that the latter could agree to within the framework of the current scale. The General Assembly should consider giving the Committee on Contributions an ad hoc mandate to minimize the distortions that had been occasioned by the break-up of the former Soviet Union. The newly independent countries should have the same opportunity as other Member States to present their own reliable, verifiable and comparable data as a basis for the scale for 1995-1997.

32. Ms. ARYSTANBEKOVA (Kazakhstan) said that the always polemical question of the scale of contributions had now acquired a new twist with the admission to membership of the young States of the former Union of Soviet Socialist Republics (USSR). The question of its contribution was a vital one for Kazakhstan and it wished to pay a tribute to the Committee on Contributions for its excellent work done in difficult circumstances.

33. Her delegation shared the doubts expressed by the representatives of other States formerly members of the USSR about the representativity of the data submitted to the Committee on Contributions by the statistical organs of the USSR and about the rouble-dollar exchange rate used by the Committee. The best solution to the problem would of course be to improve the current methodology for calculating the scale of contributions, and the efforts made by the Committee in that direction were welcome.

(Ms. Arystanbekova, Kazakhstan)

34. In paragraph 70 of its report (A/47/11) the Committee itself recognized that its recommendations concerning the States of the former USSR were an unavoidable transitional step and that their rates of assessment might undergo considerable adjustment in the next scale of assessments. That transitional step should of course operate for as short a period as possible, and in 1993 the Committee should make every effort to prepare new rates, using an improved methodology, on the basis of objective data submitted by Member States.

35. Many delegations had recognized that the assessed contributions for the new Member States were high, while stressing the difficulty of finding a generally acceptable solution to the problem. Her delegation called upon all States to show maximum understanding and flexibility in seeking a compromise. It would itself certainly take such an approach.

36. Mr. ELZIMAITY (Egypt) said that the essential criterion for establishing the scale of assessments lay in agreement on a methodology based on real capacity to pay. Unfortunately, the latest - excessively complicated - proposals were still far from achieving justice in that regard, failing as they did to take account of the severe economic problems of developing countries, which suffered from both limited resources and unstable exchange rates.

37. With regard to the phasing out of the scheme of limits, the various approaches suggested by the Committee on Contributions in its report required further clarification. As for improvements of the methodology for future scales, it was unfortunate that the report contained no specific recommendations. His delegation believed that the methodology should incorporate a ten-year statistical base period, bearing in mind the need to avoid imposing additional financial burdens on developing countries. It felt the alternative methodologies used by other international organizations were unsuitable for the United Nations for the reasons indicated in paragraph 32 of the Committee's report. Neither did it consider per capita national income to be a sufficiently reliable indicator of a State's capacity to pay, which was governed by a number of interrelated factors closely depending on the situation of each individual country.

38. Mr. FAZLE-MAHMOOD (Pakistan) said that despite the difficult nature of its work, the Committee on Contributions had discharged its mandate thoroughly and objectively. Its examination of different possibilities for arriving at a scale of assessments that more accurately reflected the concerns of Member States had been most productive, and should continue. One goal should be greater transparency, since the methodology was still very complex. The United Nations Statistical Division had a heavy responsibility in facilitating the Committee's access to reliable, universally acceptable data.

39. His delegation supported the Committee's recommendations on the assessment of the new Member States. It was important to encourage that body to continue to advise the Fifth Committee on the technical aspects of the

(Mr. Fazle-Mahmood, Pakistan)

scale methodology in a free and fair manner. Although Pakistan appreciated the concerns expressed about inaccuracies relating to certain aspects of the methodology, it supported the Committee's position that those shortcomings should be addressed in the context of the next scale, when accurate figures would be available, and it hoped that the process would take place in the spirit of rule 160 of the rules of procedure of the General Assembly.

40. His country wished to reaffirm its belief that the capacity to pay should be the fundamental basis for the assessment of contributions. The illustrative scales developed by the Committee in accordance with paragraph 3 of General Assembly resolution 46/221 B would be very helpful in determining what course of action to take with respect to the retention or phasing out of the scheme of limits.

41. Mr. AL-ARIMI (Oman) recalled the provisions of General Assembly resolutions 45/256 A, paragraphs 1 (b) and 1 (c) and 46/221 B, paragraphs 1 (a), 1 (b), 1 (c), 3 (f) and 4, as well as of resolution 46/221 D, paragraph 2.

42. Turning to the report of the Committee on Contributions, he noted that the methodology used to compile the illustrative machine scale contained in annex I A was still not satisfactory to all parties since it dictated some unjustifiably high increases in contributions. Neither did the annexes provide a clear picture of different countries' capacity to pay. The Committee had failed to establish a flexible methodology capable of apportioning contributions in an equitable manner. With particular reference to the second and third sentences of paragraph 23 of the Committee's report, his delegation believed that much of the data used to compile the annexes in accordance with the currently prevailing statistical base period was outdated, in view of the dramatic economic fluctuations of recent years.

43. In particular, the statistics relating to his country were still suspect. Its population continued to be estimated at a level some 500,000 lower than the true figure of 2 million despite his delegation's statements in that regard and the request, contained in General Assembly resolution 46/221, to take into account the views expressed by delegations in the Fifth Committee. As a country which had begun seriously to develop its infrastructure only some 23 years previously, it was still busy with important fundamental tasks, complicated by its large geographical area and the sparse distribution of its population, which added to the cost of providing essential services. An underestimation of its population resulted in inflation of the figure for average per capita income. Another fault in such statistics lay in the fact that most of Oman's government revenue and gross domestic product depended on the single, depletable and non-renewable resource of oil. Since that product accounted for 83 per cent of national income and 91.9 per cent of total exports, while reserves amounted to only 4 per cent of world-wide oil reserves, it would be more appropriate to base measurements of his country's national income on the performance of other sectors.

(Mr. Al-Arimi, Oman)

44. The fact that his country's assessed contribution had risen by some 75 per cent in less than one year indicated the unsuitability of the criteria being applied. It would, indeed, be better to revert to the original criteria and methodology, particularly since the Committee on Contributions had failed to meet the request contained in paragraph 4 of General Assembly resolution 46/221 B. His delegation would find it hard to accept the scale of assessments and approach to phasing out the scheme of limits presented in the Committee's report and felt that both matters required further study, bearing in mind the views expressed in paragraph 13 of the report. The Committee should be invited to continue its review of methodology, in accordance with the criteria set forth in paragraph 1 of resolution 46/221 B. In that process, the Committee should not adopt average per capita income as a single yardstick, but should give equal consideration to all other criteria and factors, including the dependence of countries on one or a few products. The Committee could then report on its findings to the General Assembly at its forty-eighth session.

45. Ms. Rotheiser (Austria), Vice-Chairman, took the Chair.

46. Mr. TŮRK (Slovenia) recalled that the Committee on Contributions had decided to recommend rates of assessment for the new Member States of Eastern Europe that would not affect the rates of the old Member States and were uniformly based on statistics for the years 1980-1989, the statistical base period for the current scale. The recommended rate for Slovenia was 0.09 per cent. It, like the other new Member States, had undergone considerable changes since 1989. In addition to the problems connected with the transition to a market economy, Slovenia had suffered substantial material damage since independence as a result of the military action of the Yugoslav army. In 1991 alone its GDP had dropped by 15 per cent. It had had to build its foreign reserves from zero, since all Slovenian assets were frozen in Belgrade. Armed conflicts in other republics of the former Yugoslavia had resulted in a loss of markets and a massive influx of refugees, who now constituted 3 per cent of Slovenia's population.

47. It was therefore difficult for his country to accept the proposed rate of 0.09 per cent, and it noted with satisfaction that the Committee on Contributions was aware that the rates assigned to the new Member States did not reflect their current circumstances. The Fifth Committee should therefore address those rates during the current session of the General Assembly. In doing so, it should bear in mind their transitional nature and should consider rates of assessments for 1992 and 1993 only.

48. Slovenia believed that the Committee on Contributions should continue its analysis of the elements reflected in the current illustrative machine scales: uniform exchange rates, debt-adjusted income, the low per capita income allowance formula and a method for phasing out the scheme of limits. Future illustrative machine scales should include the new Member States so that the effects on them could be determined. The proposals for the

(Mr. Türk, Slovenia)

elimination of the scheme of limits through two three-year scale periods were interesting, but his delegation reserved comment on them until they had been further refined and the new Member States were included in the illustrative machine scales.

49. His delegation commended the Committee for its work on improving the methodology for future scales, particularly with respect to possible adjustments to national and per capita income and the application of price-adjusted rates of exchange. It supported the Committee's decision to pursue its work on those elements and to continue to explore alternative income concepts, particularly as they might eliminate double-counting. It attached great importance to the possible incorporation in the scale methodology of the problems of refugee-host countries. Despite the difficulties involved in the method of doing so suggested in paragraph 26 of the Committee's report (A/47/11), it urged the Fifth Committee to consider that matter. With regard to the alternative methodologies reviewed by the Committee in 1986, the Committee rightly pointed out that several - namely, the division of the membership into groups for purposes of assessment, equal-share apportionment and relating costs to benefits derived by Member States - involved political issues and were outside the scope of the Committee on Contributions. His delegation was confident that, through negotiation, the General Assembly would be able to reach a decision on the scale of assessments at its current session.

50. Mr. FRANCIS (Australia), speaking on behalf of Canada, New Zealand and Australia, said that, in his concluding remarks on the scale of assessments at the forty-fifth and forty-sixth sessions of the General Assembly, the Chairman of the Committee on Contributions had very correctly noted that the Committee's work must be based on universally available and comparable data. The membership of the Organization would have to accept that such data could never capture all the aspects which the Committee should, ideally, consider in determining each Member State's capacity to pay. That applied in particular to the data used to determine the proposed rates for the republics of the former Soviet Union. Those rates would undergo considerable adjustment in the preparation of the next scale, when more complete data would be available. In the meantime, the delegations of Canada, New Zealand and Australia hoped that, if the Member States concerned could not accept the Committee's recommendations, they would be able to agree among themselves on an alternative solution for the Fifth Committee's consideration.

51. They also hoped that, in the preparation of the next scale of assessments, many of the elements in the existing scale methodology that had increasingly distorted the concept of capacity to pay would be eliminated. One such element was the debt-adjusted income formula, which was inequitable in that it was never applied to developed countries and that it double-counted debt as a factor in national income. The three delegations remained firmly opposed to any further increase in the low per capita income allowance, which would reduce rates for some Member States to derisory levels and would

(Mr. Francis, Australia)

be incompatible with the concept of capacity to pay as historically defined and generally understood. As other speakers had stated, it would overemphasize per capita income to the point of denying the principle of sovereign equality as it related to the sharing of financial responsibility, would introduce an unacceptable degree of uncertainty into the scale and would unfairly penalize countries with small populations and small economies.

52. The scheme of limits was another element in the scale methodology that had seriously undermined the principle of capacity to pay, and it should be phased out sooner rather than later. However, the three delegations were convinced that a machine scale of national income weighted by per capita income, as illustrated in annex V of the report, would introduce the most extraordinary distortions in the capacity-to-pay principle. They strongly echoed the views expressed by members of the Committee in paragraph 35 that the conceptual rationale for such an approach could not be supported in any technical terms and that it overemphasized per capita national income and failed to capture the capacity of Member States to pay.

53. They also shared the concerns of those members who thought that the principle of capacity to pay should be reviewed by an independent high-level body. The only element in the existing methodology that could be considered a transparent, equitable measure of that capacity was national income; all the others simply distorted the principle.

54. Another important point made by the Chairman of the Committee was that it was necessary to see the developing and developed countries as a continuum. Some middle-income developing countries had experienced significant economic growth. Given the zero-sum character of the scale of assessments, when rates were increased to reflect economic growth in some countries, they must be decreased for other countries. That was the origin of what was seen by some as an unfair decrease in the rates for many developed countries. However, the developed countries were experiencing economic stagnation and high unemployment and were under pressure to reduce public-sector spending. They could not therefore agree to ever larger distortions of the fundamental criterion of capacity of pay.

55. Mr. SREENIVASAN (India) commended the Committee on Contributions for its objective and efficient work, but felt that the scale methodology was far from perfect or transparent and that the procedures for temporary relief for countries experiencing economic difficulties were not very satisfactory. Given the nature of the issue, any recommendations the Committee made were bound to be controversial to some extent.

56. His delegation fully supported the General Assembly's decision to consider the item twice in each three-year scale period, since it gave the Committee on Contributions ample time for deliberation and provided Member States with some stability and predictability with regard to their respective scales. He therefore hoped that the consideration of the item during the

(Mr. Sreenivasan, India)

current session was an exception and that the Fifth Committee would not be reverting to annual consideration of the topic in future.

57. The main reason for the departure from the process agreed on in resolution 46/220 had been the significant increase in the membership of the United Nations and its consequent impact on the scale of assessments. However, although resolution 46/221 A had given the Committee on Contributions a mandate to examine the implications of those developments and, if necessary, recommend a new scale, he noted that the Committee had made no such recommendation. He also noted that the Committee viewed its recommendations for determining the assessment of new Member States as an unavoidable transitional step and that, therefore, the rates might undergo considerable adjustment in the preparation of the next scale.

58. He welcomed the recommendations contained in resolution 46/221 B as a step towards improving the scale methodology and making it more transparent. He supported the phasing out of the scheme of limits, the pegging of the per capita income limit to average world per capita income, the increase in the gradient to 100 per cent, and the debt-adjusted income approach. Those elements should be incorporated into the methodology for the preparation of the next scale.

59. He reiterated his delegation's support for the holding of information meetings by the Committee on Contributions during scale years, to enable interested Member States to consult and make representations to the Committee. His delegation had long believed that the capacity-to-pay principle should continue to be the basis for determining Member States' contributions. To bring into the calculation elements such as membership of certain United Nations bodies would run counter to the principle of the sovereign equality of Member States enshrined in the Charter. He therefore supported the Committee's efforts to quantify the capacity to pay more objectively.

60. He supported the simple and transparent approach to the model scale contained in resolution 46/221 D and agreed that the per capita income approach was the best way of reflecting Member States' capacity to pay. He would welcome additional information on the underlying rationale and possible implications of the new proposal concerning a review of the capacity-to-pay principle by an independent high-level body. Further consideration of the mandate, composition and duration of any such body would be needed, particularly as the Committee on Contributions had made no formal recommendation on the matter.

61. Mr. VARELA (Chile) said that it was vital for both developed and developing countries that the scale of assessments should be directly related to the principle of Member States' capacity to pay. In theory, a scale based on that principle should satisfy everyone, but in practice the attempt to reflect a country's capacity to pay in real figures frequently posed difficult

(Mr. Varela, Chile)

problems. For example, seeking to translate the national income of each country into a single currency was highly complex, particularly in the case of developing countries affected by inflation or where exchange rates were determined arbitrarily by the authorities. He therefore welcomed the efforts of the Committee on Contributions to develop price-adjusted rates of exchange.

62. Over the years the Committee on Contributions had gained wide experience in dealing with new problems as they arose and, even if the criteria employed were sometimes flawed or arbitrary, it had succeeded in establishing triennial scales which had secured a broad consensus. Bearing that in mind, his delegation supported the use of criteria such as the ten-year statistical base, debt-adjusted income, the low per capita income allowance formula, the phasing out of the scheme of limits, floor and ceiling rates, and exchange rates fixed by the International Monetary Fund.

63. The changing international situation had presented a real challenge to the Committee on Contributions, which, as it admitted, had been forced to work within constraints that made the insufficient reflection of current circumstances inevitable. Nevertheless, the fundamental principles of equity and justice must prevail.

64. Although the scale methodology had a number of imperfections which required further study, it was vital to avoid indiscriminate inclusion of elements which might distort the calculations. With regard to alternative methodologies, his delegation felt that further consideration should be given to the model scale described in the Committee's report (para. 33 et seq.), which would be arrived at by distributing average national income weighted by per capita national income, and whose calculation would be followed by the application of the existing floor and ceiling rates.

65. His delegation shared the view that any scale of assessments required an adequate period of applicability and should be the product of a stable and predictable system. It was vital that, at its next session, the Committee on Contributions should begin examining the technical criteria for the preparation of the next triennial scale, on the basis of the most recent information available and the recommendations put forward in its report.

66. Mr. KAHN (Bangladesh) said that the capacity of Member States to pay was the fundamental criterion for determining the scale of assessments and should be based on reliable, verifiable and comparable data. At the same time, the methodology for determining the scale should be simplified to make it more transparent and stable over time, without increasing the burden on the developing countries, particularly the least developed.

67. With regard to scale methodology, the Committee on Contributions had agreed that debt-adjusted income might increase the rates of assessment of some indebted developing countries and felt that further study was needed to determine the extent to which it might distort the national income data of

(Mr. Kahn, Bangladesh)

such countries. With regard to the low per capita income allowance formula, although increasing the gradient from 85 to 100 per cent would make the formula more transparent and better reflect the capacity to pay of Member States, it might also unfairly penalize countries with small populations or small-size economies. Further study of that aspect by the Committee on Contributions was therefore needed.

68. The Committee on Contributions had examined three possible approaches to the phasing out of the scheme of limits and concluded that most of its effects could be eliminated over 2 three-year scale periods. However, the resulting scales were strictly indicative, and individual rates of assessment could vary considerably from those given in the annexes to the Committee's report. In view of that uncertainty, it might be best to retain the existing scheme of limits, coupled with ad hoc adjustments for the next 2 three-year scale periods before it was eliminated altogether. He regretted that the Committee on Contributions had not been in a position to make recommendations on a method to avoid allocating additional points to developing countries, as requested in resolution 46/221 B, and called on it to do so.

69. In recent years there had been a tendency to focus excessively on technical aspects of the methodology, depriving the Committee on Contributions and the General Assembly of the much needed flexibility to meet specific and unforeseen situations. That flexibility could best be ensured by retaining ad hoc adjustments.

70. He welcomed the progress report on the further development of price-adjusted rates of exchange and stressed the importance of the ongoing work for the continuous improvement of the system of national accounts and the related database. He noted the Committee's remarks concerning the dependency of countries on one or a few products, negative net flow of resources and limited capacity to acquire convertible currencies. Despite the difficulties created by insufficient availability of data, further work was needed in those important areas. In view of the differing opinions expressed regarding the model scale shown in column 5 of annex 5 to the Committee's report, further study of that alternative methodology was clearly necessary.

71. Ms. ESTHIPROBO (Indonesia) said that, as underlined in various General Assembly resolutions, the fundamental criterion for establishing the scale of assessments was the capacity to pay, determined on the basis of national income. Commenting on the outcome of the study of scale methodology presented in the report of the Committee on Contributions, she noted that increasing the gradient for the low per capita income formula from 85 to 100 per cent would provide greater transparency and greater benefit to countries with very low per capita incomes. Given the uncertainty surrounding the real effect of phasing out the scheme of limits and the possible adverse effects on the individual rates of assessment of several developing countries, she felt that the Committee on Contributions should present a further study, in order to avoid the allocation to developing countries of additional points which might

(Ms. Esthiprobo, Indonesia)

result from that process, as requested in paragraph 3 (f) of General Assembly resolution 46/221 B.

72. With regard to the application of price-adjusted rates of exchange, she shared the Committee's view that the progress report presented by the Statistical Division represented a significant refinement of the methodology. In conclusion, she supported the view expressed in paragraph 15 of the report that the Committee on Contributions should reassert its raison d'être as an expert body, since it was imperative that it retain its technical character.

73. Mr. Byung Yong SOH (Republic of Korea) said that the ten-year statistical base period was useful in minimizing excessive fluctuations in individual rates of assessment, particularly as the possibility of abolishing the scheme of limits was being considered. With regard to the low per capita income formula, it would be advisable to use the average world per capita income as the upper income limit, so that low income countries would be assessed according to their capacity to pay in relation to prevailing world circumstances rather than hypothetical projections of minimum living standards. The use of actual figures would permit continuous automatic adjustments of the upper per capita income limits. In his view, the proposal to raise the gradient from 85 to 100 per cent would not be fair to nations with small populations. There was a risk of overemphasizing per capita income to such an extent that the principle of fair and equitable assumption of responsibility would be compromised.

74. It was still unclear what the benefits of phasing out the scheme of limits would be, regardless of which of the three proposed approaches was used. One possible solution would be to retain the existing scheme for the next two scale periods and consider abolishing it altogether for the third period.

75. Although the proposal contained in General Assembly resolution 46/221 D to assess contributions through simple multiplication of the national income factor and the per capita income factor met the need for simplification, its theoretical foundations needed to be reviewed to ensure that it was applied in a logical and rational manner. He welcomed the Committee's recommendation to assess the contributions of new Member States on the basis of the number of months of their membership. Finally, given the overemphasis on technical aspects in the current system of assessing contributions, he agreed that a new independent high-level body was needed in order to consider ways of restoring balance between the various technical and non-technical factors used for calculating assessments.

76. Mr. MONAYAIR (Kuwait) said that, despite difficulties and disagreements in establishing the scale of assessments, the shared responsibility of Member States to ensure the continued optimum functioning of the Organization made the resolution of such differences imperative. His delegation considered the studies and illustrative scales contained in the report of the Committee on

(Mr. Monayair, Kuwait)

Contributions to be a useful step towards an improved methodology. Nevertheless, it believed that excessive concentration on per capita income could entail negative consequences for certain developing countries, since that measurement failed to express a country's true capacity to pay. Meanwhile, it considered the scheme of limits to be an important element of the methodology. If the Committee on Contributions was able to apply or develop any other element which would ensure the relative stability delivered by the scheme of limits, his delegation would have no difficulty in accepting it. In any event, it believed that the view expressed in paragraph 13 of the Committee's report represented the best solution.

77. Capacity to pay continued to be the fundamental criterion for determining the scale of assessments, but true capacity to pay could be determined only by taking account of all economic and social factors. The Committee on Contributions should continue to study and develop the methodology with a view to eliminating defects and to making it more transparent. Given that the principal objective was to produce a scale of assessments based on equity, his delegation believed the time had come for the Committee to give serious thought to the position of countries with special economic circumstances, particularly those dependent on a single product.

The meeting rose at 1.05 p.m.